

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice LD-491

For: State and County Offices

Dairy Market Loss Assistance (DMLA-II) Program Questions and Answers

Approved by: Deputy Administrator, Farm Programs



1 Overview

A

Background

Several questions have been received about Notice LD-490 and what constitutes a new operation, what is a change in operation, and who should be paid under DMLA-I and DMLA-II.

B

Purpose

Paragraph 2 provides State and County Offices with policy clarification in a question and answer format on the following topics:

- changes in operations
- new operations
- miscellaneous.

Disposal Date

October 1, 2000

Distribution

State Offices; State Offices relay to County Offices

2 Questions and Answers

A

Changes in Operation

Father and Son A were in a dairy operation together and were paid under a DMLA-I application. In October 1999, the father retired and Son B joined the operation. Who will get paid? Is Son B eligible to signup as a new producer under DMLA-II?

Father and Son A will be paid under a DMLA-I application. Son B is ineligible to signup as new producer since this is just a change in the operation.

Farmer A had a dairy operation in 1997 and 1998 and was paid under a DMLA-I application. Farmer B joins Farmer A in the dairy operation in 1999. Is Farmer B eligible to signup as a new producer?

Farmer A will be paid under the DMLA-I application. Farmer B is ineligible to signup under DMLA-II as he joined an operation that was paid under DMLA-I.

Brother A and Brother B were in a dairy operation as a partnership that operated a dairy and received a DMLA-I payment. The partnership dissolved in 1999 and Brother B is out of the dairy business. Brother A wants to signup as a new producer for 1999. Can Brother A signup as new producer?

Pay the partnership under the DMLA-I application. Brother A is ineligible to signup for DMLA-II since he was paid under the DMLA-I application.

Farmer A and Farmer B operated a dairy together and were paid under a DMLA-I application. The partnership dissolved in 1999 and they each continued separate dairy operations. Are they each eligible to signup as new producers under DMLA-II?

No, they will only be paid under a DMLA-I application.

Farmer A had 80 cows in his dairy operation and was paid under a DMLA-I application. In 1999, Farmer B brought in 40 cows to dairy with Farmer A. Is Farmer B eligible to signup as a new producer under DMLA-II?

Farmer B is ineligible to signup as a new producer as he joined a continuing operation. Farmer A will receive an additional payment under the DMLA-I application.

Continued on the next page

2 Questions and Answers (Continued)

B

New Operations

2 farmers were in a dairy operation together as a partnership and were eligible for DMLA-I payment but did not apply for payment. Both farmers are still in the dairy business but they are running their own dairy operations. Can 1 partner signup for his 1999 production as new producer?

Each partners can apply for a DMLA-I payment using the higher of either 1997 or 1998 production. Neither can signup as a new producer.

A farmer had a dairy operation that was eligible for a DMLA-I payment but did not signup for a payment. What production is used for DMLA-II?

Use the higher of either 1997 or 1998 production.

A husband had a dairy operation that was eligible for a DMLA-I payment but did not signup for a payment. He was not in the dairy business for 1999. His wife produced milk for 1999. Who is eligible for payments?

The husband can signup using the higher of 1997 or 1999 production under DMLA-I. The wife can signup as new producer under DMLA-II application.

A father operated a dairy farm in 1997 and 1998 and was eligible for a DMLA-I payment but did not signup for a payment. The son bought the dairy operation in 1999. They are the same cows with a different ID number. Who is eligible for a payment?

Both can be paid. The father based on higher of 1997 or 1998 under DMLA-I. The son based on 1999 production under DMLA-II.

Farmer A had a dairy operation in 1997 and 1998 and was paid under a DMLA-I application. He leased the dairy operation to his daughter in 1999. Who is eligible to be paid?

Farmer A may signup and use the higher of 1997 or 1998 production. His daughter may signup and use 1999 production.

Farmer A had a dairy operation in 1997 and 1998 and was paid under a DMLA-I application. He sells the cows and leases the dairy to Farmer B. Who is eligible for payment?

Pay Farmer A under DMLA-I application. Farmer B can signup as a new producer under a DMLA-II application.

Continued on the next page

2 Questions and Answers (Continued)

B

**New Operations
(Continued)**

Farmer A had a dairy operation and was paid under a DMLA-I application. Farmer B buys the cows and leases the dairy in 1999. Is Farmer B eligible to signup as a new producer for DMLA-II?

Farmer B is eligible to signup as a new operation under a DMLA-II application if he was not eligible or did not receive a DMLA-I payment.

C

Miscellaneous

A farmer was operating a dairy in 1997 and 1998 and was paid under a DMLA-I application in County A. He moved his operation to County B in 1999. Does he signup as a new producer in County B?

No, he will only be eligible to get paid under a DMLA-I application in County A.

A farmer started his dairy operation the last 2 weeks of 1998 and he received a DMLA-I payment. Can this farmer signup as a new producer using his 1999?

No, he will be paid under his DMLA-I application.

A farmer had a dairy operation in 1997, 1998, and 1999, but he did not signup for a DMLA-I payment. What production do we use for DMLA-II?

Use the higher of either 1997 or 1998.

Producer A had a dairy operation in 1998 and was eligible for a DMLA-I payment but he did not apply for a payment. In May 1998, Producer B purchased 75 cows from Producer A but the milk was marketed under Producer A's name until November 10, 1998, when Producer B bought the dairy operation from Producer A. Is Producer A eligible to signup as a new producer using his 1999 production?

Producer B can signup using his 1998 production. Producer A will be paid under his DMLA-I application.
